

Kansas Economic Conditions
by Inayat Noormohmad
Kansas Department of Labor Economist

From a blade of grass to a field of sunflowers, this is what you see. From a larger perspective, you may see an image of Santana or a vase of sunflowers. This is the work of Kansas artist Stan Herd. Like Herd and his artistry, the economy can not be assessed from a single perspective. In looking from a broader perspective, there are many variables that have to be taken into account in order to understand the economic conditions of Kansas.

Like Herd's blade of grass or sunflower, no single variable can adequately paint the picture of the overall economic condition. Continuing this analogy, even if you stand on a high hill, you will not see the full effect of Herd's work. The economy cannot be viewed without looking at several variables to complete the picture. Different economic variables, at times, report conflicting information.

In addition, comparing national indicators and other states indicators with Kansas may not accurately portray the current economic conditions in Kansas. This is because each state has its own unique business cycle and economic indicators. Furthermore, each state may have its own industry specialization.

While not an in-depth study of the Kansas economy, this report briefly examines some widely used economic indicators to generally assess economic conditions in Kansas.

The economic indicators selected for this report are not meant to represent the wide-ranging dynamics of an economy, but jointly they serve as a good indicator of the general direction our economy is heading.

Real Gross State Product

Following a slowdown of the economy from 2001 to 2003, Kansas gross state product (GSP) has shown an increasing trend. Kansas GSP grew 3.2 percent in 2004 and 4.0 percent in 2005, outpacing the national 2005 growth rate of 3.5 percent. See Chart 1 for more information.

Non-farm Employment

After declining in 2002 and 2003, Kansas non-farm employment, also referred to as jobs, has steadily improved over the last two years, although slower than the national rate. Current year trends indicate improved employment conditions in Kansas. See Charts 2 and 3 for more information.

Personal Income and Per Capita Personal Income

Personal income and per capita personal income has improved since a recent low in 2002. Both of these indicators outpaced the national growth rate in 2005. See Charts 4 and 5 for more information.

Unemployment Claims Data

Initial claims for unemployment benefits by out-of-work Kansans steadily declined in 2005 and 2006. In addition, the average number of weeks a person stays on unemployment has declined. These trends have been mirrored at the national level. See Chart 6 for more information.

New Housing Starts

For the month of August 2006, the number of housing starts year-to-date in Kansas is greater than in 2005. A growing housing market in some parts of Kansas has prevented the sharp declines in construction seen around the nation. See Chart 7 for more information.

Unemployment Rate

The unemployment rate in Kansas, following the national trend, has declined steadily since its peak in 2003. See Chart 8 for more information.

Considering all the above variables, it is evident the Kansas economy has improved steadily in recent years. However, there is always room for improvement in the future. The impact of other trends such as the slowing housing market and a drop in energy prices are yet to be fully realized. This, along with many other variables, could influence the direction of the Kansas economy.

Chart 1

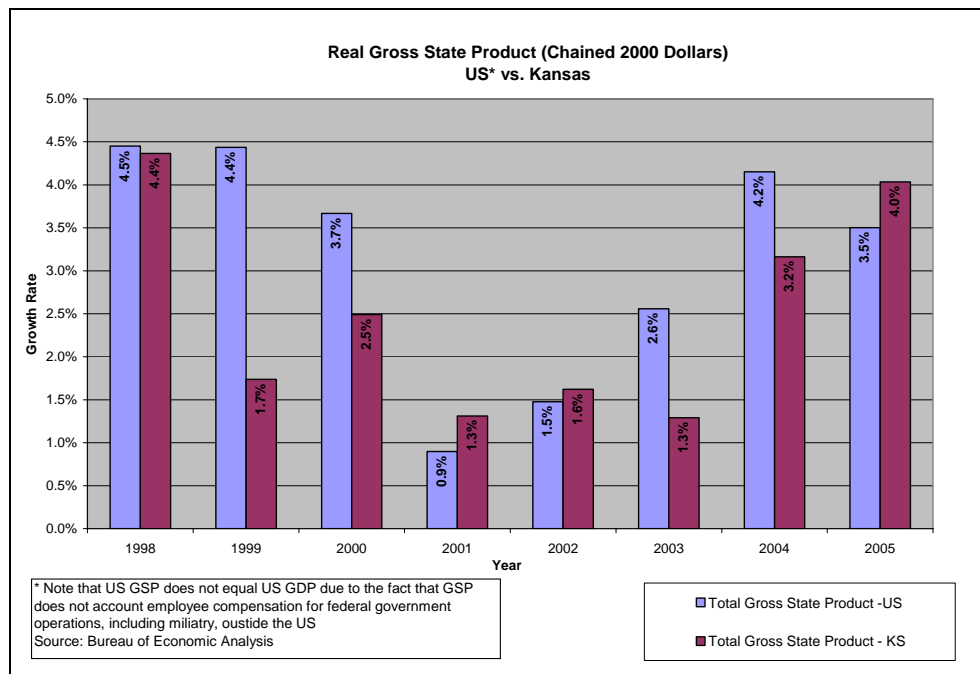


Chart 2

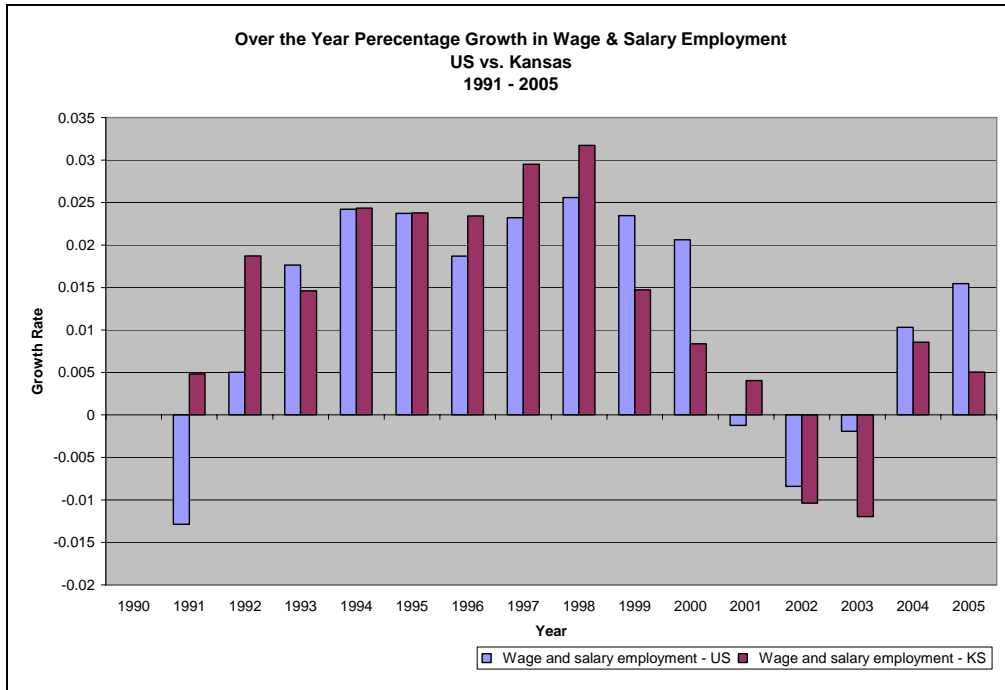


Chart 3

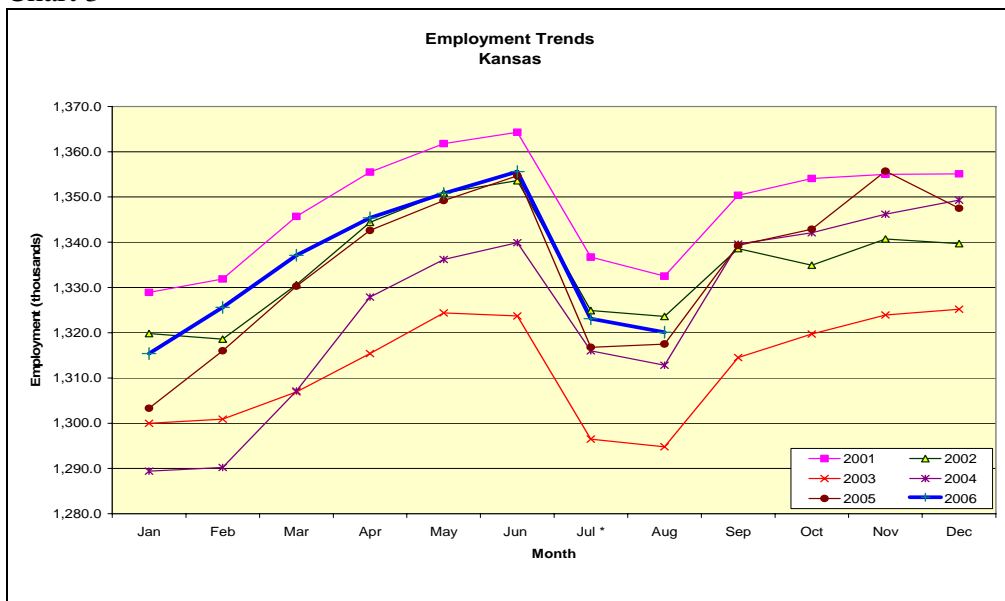


Chart 4

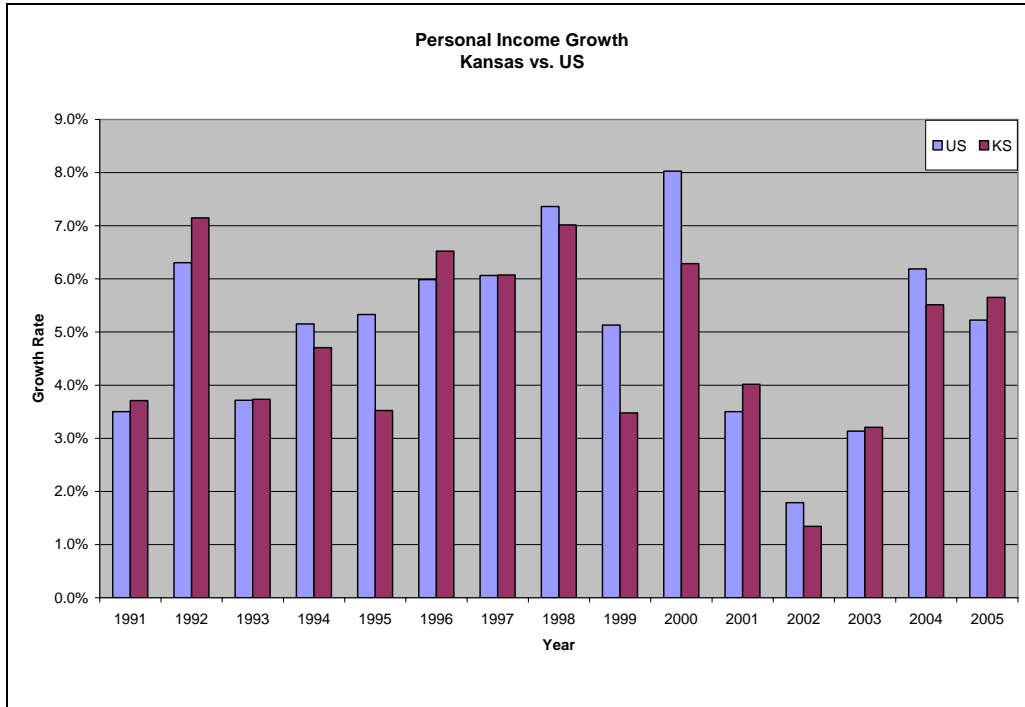


Chart 5

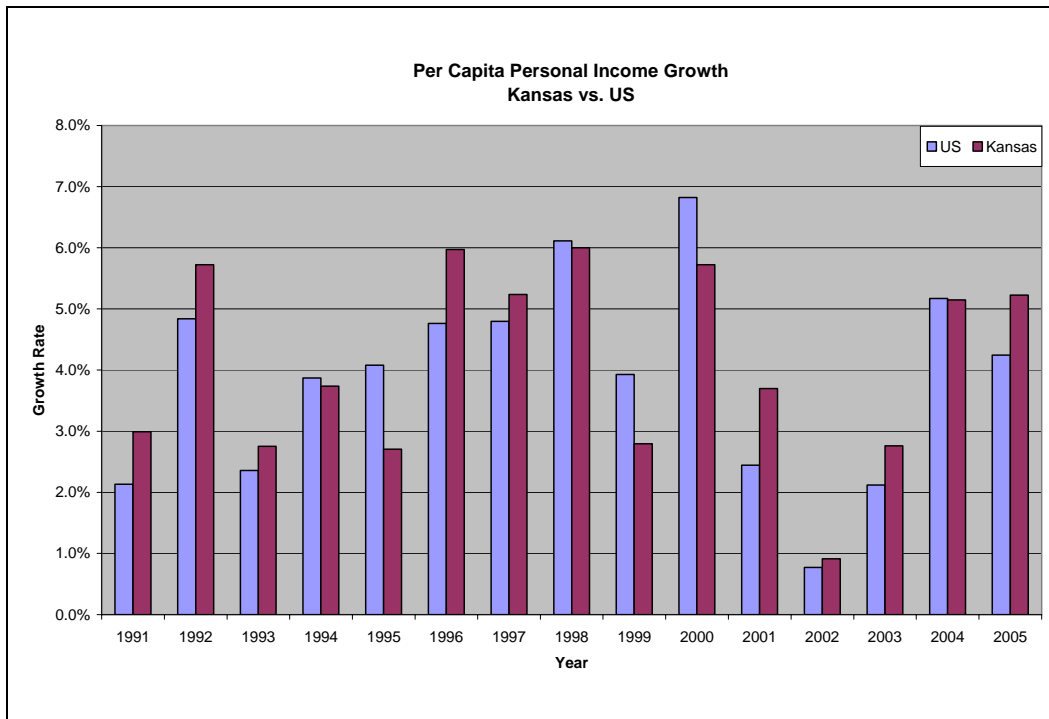


Chart 6

Selected U.I. Data Regular U.I. Program SFYs 2004 - 2006			
<u>Item</u>	<u>State Fiscal Year</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Initial Claims ¹	173,683	131,898	124,521
Average Weeks Duration ²	16.6	15.7	15.2
Appeals ¹	15,145	14,107	12,937
1 Will not match State Budget documents as State Budget counts UI, UCFE and UCX program activity. 2 Not used in State Budget computations.			

Chart 7

Total Housing Units Authorized by Permits Issuing Places During the Month of August		
Year	Total Units	Year-to-Date Total Units
2004	1632	9291
2005	1172	9044
2006	904	9111
Source: US Census Bureau		

Chart 8

